

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Pelosi, and Minority Leader McCarthy:

The novel coronavirus outbreak has unleashed a recession that is unprecedented in the speed and severity of its decline. Since February, 1 in 5 workers has applied for unemployment benefits. And among people who were working in February, almost 40 percent of those in households making less than \$40,000 a year had lost a job in March.¹

These parallel health and economic crises are especially damaging to many communities of color in the United States. Black, Latinx and Native American families are bearing a greater share of COVID-19 deaths and also face higher rates of unemployment than their White counterparts. Over the past 30 years, Black Americans have consistently faced unemployment rates twice as high as those for White Americans, and are particularly hard hit during economic downturns. Evidence from the Great Recession indicates that a prolonged economic downturn will seriously damage the economic opportunities and wealth accumulation of all Americans, but especially of families of color.

Policymakers in Congress and the Federal Reserve responded to this crisis with unprecedented levels of economic support for those affected, but more needs to be done. If Congress fails to act, state and local governments face potentially disastrous budget shortfalls, and the Congressional Budget Office estimates the unemployment rate will likely be more than 11 percent at the end of the year.

Congress must pass another economic recovery package before most of the support in the CARES Act expires this summer. Given current projections of economic need, this new bill should provide, at a minimum, continued support for the unemployed, new assistance to states and localities, investments in programs that preserve the employer-employee relationship, and additional aid to stabilize aggregate demand. While the signers of this letter have different views on the optimal size and composition of the package, we all agree that an adequate response must be large, commensurate with the nearly \$16 trillion nominal output gap our economy faces over the next decade, according to CBO estimates.

A full economic recovery will remain dependent on the public health situation, including efforts to develop effective therapeutics or vaccines. Insufficiently bold congressional policy responses to the Great Recession unnecessarily prolonged suffering and stunted economic growth. Congress should not make this mistake again. As Jerome Powell, the chair of the Federal Reserve, warns, the economic outlook is “highly uncertain and subject to significant downside risk.” In the opinions of the undersigned, Congress should address this risk, and the already occurring economic damage, by passing, as soon as possible, a multifaceted relief bill of a magnitude commensurate with the challenges our economy faces.

Signed:

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¹ Jerome H. Powell, Remarks delivered at Peterson Institute for International Economics, 13 May 2020, <https://www.federalreserve.gov/newsevents/speech/files/powell20200513a.pdf>

And signed: (156)

The opinions expressed here reflect the personal views of the signees and should not be understood to reflect the views of any institutions with which they are affiliated.

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Asterisk (*) denotes a Nobel Laureate

Italics denotes former chairs or vice chairs of the Federal Reserve

Bold denotes former chairs of the Council of Economic Advisers

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